GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3002
ANSWERED ON:20.03.2008
RESTRUCTURING OIL AND GAS CPSUS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has formulated any scheme to resource oil and gas CPSUs in order to increase their efficiencies and promote competition among them;

(b) if so, the details thereof;

(c) whether the cost of refining oil in CPSUs is much higher than their counterparts in the private sector; and

(d) if so, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI DINSHA PATEL)

(a) & (b) : The Advisory Committee on Synergy in Energy headed by Dr. V. Krishnamurthy has recommended policy and structural changes and also suggested certain management solutions for improved performance of the oil companies in the public sector. Some of the major recommendations are:

(1) Merger of Oil Public Sector Undertakings (PSUs) may not be advisable for the present.

(2) On policy issues, there is need for an integrated energy policy, setting up of Cabinet Committee on Energy headed by the Prime Minister and setting up of an Energy Ministry. The Committee has also recommended revamping of the existing framework of supervision and overview by various surveillance agencies like Central Vigilance Commission by setting up of pre-investigation Board with former PSUs chiefs, Government and Private Sector representatives.

(3) For empowering Directorate General of Hydrocarbons as an autonomous body with a separate cadre of experts and access to funds.

(4) For overseas ventures, to set up a parallel new entity by Oil India Limited. Intense competition in oversea bidding is to be avoided by fixing up a limit related to the production capacity of more than 2 million tonnes of oil equivalent for ONGC Videsh Limited (OVL), below which the other new entity would be permitted to bid.

(5) Another recommendation of the Committee relates to setting up of a National Shareholding Trust, modeled after Temasek of Singapore and Khazanah of Malaysia, but with a modification. The oil PSUs joining the Trust shall continue to retain their PSU character and the Trust shall function as non- profit Trust set up under the Societies Registration Act or under the companies Act or as a statutory body. The Board of the Trust will comprise eminent personalities from Government, Public Sector and Private Sector. The Committee expects that the greater autonomy to the Trust would ensure synergy in operations.
The recommendations are under consideration of the Government.

(c) & (d): The cost of refining varies from refinery to refinery. The cost of crude oil depends upon a number of factors including the type of crude oil, size of refinery, refinery configuration, age of equipment, technology used, Port facilities, location of refinery etc.